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SUBJECT: Fake Medicine Kills Nine in Guangdong

(U) This message is sensitive but unclassified. Please handle accordingly.

¶1. (U) Summary: Nine people have died in Guangdong after receiving injections containing a toxic chemical provided by a fraudulent supplier. An initial investigation by central-government agencies has also pinned blame on the manufacturer's lack of internal quality control. The State Food and Drug Administration (SFDA) has ordered local drug administrations to examine pharmaceutical suppliers and manufacturers. Premier Wen Jiabao expressed concern about the case, saying that China's pharmaceutical industry "is in chaos." End summary

Phony Supplier and Weak Internal Controls Lead to Deaths

¶2. (U) Authorities in Guangdong first learned of a problem with defective doses of Armillarisin A on May 3, when patients who received the drug developed acute kidney problems. After identifying the Heilongjiang-based manufacturer, Qiqihar No. 2 Pharmaceutical Co. Ltd., authorities shut down the plant and banned the sale of the company's medication. Officials from the ministries of supervision, public security, and health, as well as the SFDA, went to Heilongjiang to investigate. The Guangdong Public Security Bureau (PSB) -- which has taken over the case -- made an on-site investigation of the plant. Authorities have taken 14 suspects into custody and have questioned five employees of Qiqihar, including the general manager and a procurement employee.

¶3. (U) A preliminary investigation showed that the company used diglycol instead of propylene glycol in the production

of the Armillarisni A. Armillarisni A is used to treat gall bladder, liver, and gastric disorders. Diglycol is an industrial material that causes acute kidney failure if taken by humans. The investigation revealed that the supplier, Wang Guiping, used forged documentation to associate himself with a Jiangsu chemical Qplies company. The investigation also faulted Qiqihar's quality inspectors for not catching the fake ingredient. Sun Yat-sen University's No. 3 Affiliated Hospital was reportedly the only medical facility to administer the drug. According to press reports, nine people have died thus far, two are comatose, and others are hospitalized.

¶4. (U) On May 19, SFDA issued a circular stating that local drug administrations should "launch comprehensive checks of raw materials purchased, management of materials and examination of finished products of pharmaceutical plants." Premier Wen Jiabao stated in televised remarks that "a firm decision should be made to rein in the pharmaceutical market, which is in chaos."

Comment

¶5. (SBU) Several corners were cut in the lead-up to this incident, including an illegal supplier who sold a fake chemical and a drug firm that neglected to inspect its raw materials. In addition, the Guangzhou hospital had recently decided to use Armillarisin A as a cheaper alternative to earlier-used medications. As evidenced by Wen Jiabao's pointed remarks, the health of China's pharmaceutical industry is a serious concern for the country's leaders and has consequences that reach beyond the purely economic. China has been more attentive in following up on health and

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safety issues than on other intellectual property issues but numerous reports regarding harmful drugs and foods continue to surface in the local press.

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